

DEC 23 2013

U. S. DISTRICT COURT
E. DIST. OF MO.
ST. LOUISUNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

UNITED STATES OF AMERICA,)
Plaintiff,)
v.) Nc 4:13CR533 JAR
MICHAEL WALLIS,)
Defendant.)

INFORMATION**COUNT 1 - CONSPIRACY**

The United States Attorney charges that:

1. At all times relevant, Defendant Michael Wallis worked and operated businesses in the mortgage lending industry in the St. Louis area. Initially, Defendant was employed as a loan officer. Later, Defendant created and operated a company known as Missouri Builders and Home Remodeling (hereinafter referred to as "Missouri Builders"), which performed interior construction and remodeling work on houses.
2. At all times relevant, J.B. was employed as a loan officer for USA Mortgage, Inc., which was a subsidiary of DAS Acquisition Company, LLC.
3. At all times relevant, J.H. did business in various capacities in the real estate market in St. Louis, including but not limited to brokering the purchase and sale of homes in the St. Louis area.
4. At all times relevant, Defendant, J.B. and J.H. had experience dealing with mortgages insured by the United States Department of Housing and Urban Development, Federal Housing Administration ("FHA loans"). Defendant, J.B. and J.H. also had experience dealing

with conventional mortgage loans from banks insured by the Federal Deposit Insurance Corporation (“FDIC”) and mortgage loans held by the government sponsored entity known as the Federal National Mortgage Association (“Fannie Mae”).

5. At all times relevant, Federal law required that borrowers on FHA and conventional loans be advised by the lending institution of the settlement costs likely to be incurred in connection with closing a real estate loan. This disclosure was frequently done through a settlement statement known as a “HUD-1” form. Because the United States insures such loans, the representations made on a HUD-1 form are matters within the jurisdiction of the United States.

THE CONSPIRACY

6. From as early as 2007 until as late as January 2010, with the exact dates being unknown, within the Eastern District of Missouri and elsewhere,

MICHAEL WALLIS,

Defendant herein, did knowingly and willfully conspire, combine, confederate and agree with J.B. and J.H. (collectively referred to hereinafter as “co-conspirators”) to commit offenses against the United States, to wit: Bank Fraud in violation of Title 18, United States Code, Section 1344, and False Statements in violation of Title 18, United States Code, Section 1001, in that Defendant and his co-conspirators made and caused to be made material false representations on HUD-1 forms, resulting in the disbursement of excess loan funds which Defendant shared with his co-conspirators.

MANNER AND MEANS OF THE CONSPIRACY

7. It was a part of the conspiracy that Defendant and his co-conspirators found and recruited individuals to apply for loans to purchase homes in the St. Louis area.

8. It was a part of the conspiracy that Defendant and his co-conspirators supplied funds for the down payments on the home purchases but falsely represented to HUD and to lending financial institutions that the borrowers were making the down payments.

9. It was a part of the conspiracy that Defendant and his co-conspirators created documents known as "gift letters" which falsely represented to HUD and to the lending financial institutions that the source of down payment funds were gifts from relatives of borrowers.

10. It was a part of the conspiracy that Defendant and his co-conspirators falsely represented on HUD-1 forms that remodeling expenses were incurred and had to be paid from loan proceeds.

11. It was a part of the conspiracy that Defendant and J.B. created false and inflated invoices for expenses for remodeling work that was never done.

12. It was a part of the conspiracy that Defendant's company, Missouri Builders, received disbursements of loan funds based on the false statements on the HUD-1 forms and the false and inflated invoices, and Defendant paid his co-conspirators kickbacks from the illegally obtained loan funds.

OVERT ACTS

13. In or around October 2009, J.H. directed another individual, D.K., to apply for a loan to purchase the house located at 3816 Oregon Avenue, St. Louis, Missouri ("the Oregon Avenue house"). D.K. was advised to meet with J.B. to apply for the loan.

14. Defendant and his co-conspirators created and caused to be created a fraudulent gift letter falsely representing that a relative of D.K. had given D.K. a gift of \$8,000 for the purpose of purchasing the Oregon Avenue house, when in fact, as Defendant and his co-conspirators well

knew, the person named in the gift letter was not a relative of D.K. and did not give D.K. \$8,000. Instead, J.B. supplied the \$8,000 for the down payment toward the purchase of the Oregon Avenue house.

15. In October 2009, Defendant created and caused to be created a false invoice in the amount of \$57,020.00 falsely representing that Missouri Builders had performed remodeling work on the Oregon Avenue house, when in fact, as Defendant well knew, Missouri Builders had done no remodeling work on the house.

16. On or about October 26, 2009, Defendant and his co-conspirators made and caused to be made a false entry on a HUD-1 form reflecting that \$57,020.00 in remodeling expenses had been incurred and had to be repaid from loan funds in connection with the loan to purchase the Oregon Avenue house.

17. On or about October 27, 2009, Defendant received a disbursement of loan funds by wire transfer in the amount of \$57,020.00 in connection with the purchase of the Oregon Avenue house. The disbursement was wired to the bank account of Missouri Builders at Bank of America.

18. On or about October 27, 2009, Defendant made a payment to J.B. in the amount of \$8,000.00 in the form of a cashier's check, to reimburse J.B. for the \$8,000 J.B. had supplied for the down payment.

19. On or about October 28, 2009, Defendant paid J.B. a kickback in the amount of \$13,480.00 in the form of a cashier's check.

All in violation of Title 18, United States Code, Section 371.

COUNT 2 – FALSE STATEMENT

The United States Attorney further charges that:

1. The allegations contained in paragraphs 1 through 19 of Count 1 are restated and incorporated herein.
2. On or about October 26, 2009, in the Eastern District of Missouri and elsewhere,

MICHAEL WALLIS,

Defendant herein, did knowingly and willfully make and cause to be made a material false, fictitious, and fraudulent statement and representation related to a matter within the jurisdiction of the United States, in that Defendant made and caused to be made an entry on a HUD-1 form in connection with a FHA loan to purchase the Oregon Avenue house, representing that expenses in the amount of \$57,020.00 had been incurred for remodeling work completed on the house, when in fact, as Defendant well knew, no remodeling work had been done on the house.

In violation of Title 18, United States Code, Sections 1001 and 2.

Respectfully submitted,

RICHARD G. CALLAHAN
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UNITED STATES OF AMERICA)
EASTERN DIVISION)
EASTERN DISTRICT OF MISSOURI)

I, Reginald L. Harris, Assistant United States Attorney for the Eastern District of Missouri,
being duly sworn, do say that the foregoing information is true as I verily believe.

Reginald L. Harris
REGINALD L. HARRIS, Mo. #48939

Subscribed and sworn to before me this 16 day of December 2013.

James Woodward
CLERK, U.S. DISTRICT COURT
By: Elizabeth Kuhlman
DEPUTY CLERK